



## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

### Funding Highlights:

- Provides \$4.4 billion for the Community Development Fund, including full funding of Community Development Block Grant formula funds and \$150 million for Catalytic Investment Competition Grants to implement economic development activities in targeted distressed communities.
- Provides a \$2.1 billion increase over the 2010 Budget for rental assistance to extremely low- and low-income families through Housing Choice Vouchers and Project-Based Rental Assistance. Rental assistance helps prevent homelessness and other hardships.
- Begins a new multi-year initiative to combine the Department's multiple rental assistance programs into a single funding stream and encourage entities that administer Housing Choice Vouchers to operate on a regional basis. This initiative will more effectively preserve the public housing stock, provide assisted families greater housing mobility, and streamline Department operations.
- Strengthens communities and regions through place-based initiatives. The 2011 Budget requests an additional \$250 million for Choice Neighborhoods; and includes \$150 million for the Department's role in developing and supporting the Sustainable Communities initiative in partnership with the Department of Transportation and the Environmental Protection Agency.
- Provides an unprecedented \$2.1 billion for the Department's Homeless Assistance Grants Program to implement the Homeless Emergency Assistance Rapid Transition to Housing (HEARTH) Act; the budget for homeless programs reflects the Administration's commitment and goal to make visible, sustained progress toward ending homelessness.
- Reforms Federal Housing Administration (FHA) mortgage insurance, increases funding for FHA information technology and risk management, and provides additional funds for combating mortgage fraud.

The Department of Housing and Urban Development (HUD) is committed to fulfilling its mission of supporting home ownership, increasing access to affordable housing free from discrimination, and supporting innovative and sustainable community development. The President's Budget provides \$48.5 billion in program funding to support HUD's core

programs and new initiatives to achieve these important goals while protecting taxpayer dollars and reducing costs through stronger risk management and reform of inefficient programs. This funding will be offset by estimated collections of \$6.9 billion from responsible credit premiums charged for HUD mortgage insurance and other credit enhancements.

**Fully Funds the Community Development Block Grant Program.** The Budget provides \$4.4 billion for the Community Development Fund, including \$3.99 billion for the Community Development Block Grant (CDBG) formula program, and \$150 million for the creation of a Catalytic Investment Competition Grants program. The new Catalytic Competition Grants program uses the authorities of CDBG, but will provide capital to bring innovative economic development projects to scale to make a measurable impact. The competitive grants will fund applicants with targeted economic investments while leveraging other federal neighborhood revitalization programs, including mainstream CDBG funding. Unlike CDBG, consortia including high capacity non-governmental entities that have developed an innovative plan may apply, along with governmental entities, and the grants will target areas experiencing significant economic distress. The program will create a well-targeted funding stream that is responsive to changes in market conditions and that enhances the economic competitiveness of distressed communities.

**Increases Funding for the Housing Choice Voucher Program.** The President's Budget requests \$19.6 billion for the Housing Choice Voucher program to help more than two million extremely low- to low-income families with rental assistance to live in decent housing in neighborhoods of their choice. The Budget continues funding for all existing mainstream vouchers and provides flexibility to support new vouchers leased in 2009 and 2010 and \$85 million in special purpose vouchers for homeless families with children, families at risk of homelessness, and persons with disabilities. The Administration remains committed to working with the Congress to focus the goals and objectives of the program, as well as address the program's costly inefficiencies, and to fully utilize available funding by alleviating the administrative burdens on the Public Housing Authorities that implement HUD voucher and other programs, and establish a funding mechanism that is transparent and predictable in order to serve more needy families.

**Preserves 1.3 Million Affordable Rental Units through Project-Based Rental Assistance Program.** The President's Budget pro-

vides \$9.4 billion for the Project-Based Rental Assistance program to preserve approximately 1.3 million affordable rental units through increased funding for contracts with private owners of multifamily properties. This critical investment will help extremely low- to low-income households to obtain or retain decent, safe and sanitary housing.

**Launches the Conversion of Public Housing to Project-based Vouchers Through the Transforming Rental Assistance Initiative.** The Administration requests \$350 million to fund the first phase of this multi-year initiative to regionalize the Housing Choice Voucher program and convert Public Housing to project-based vouchers. The primary goals of this initiative are to improve the physical condition and management of the public housing stock, increase the mobility of assisted families, and streamline HUD oversight of its rental assistance programs.

**Combats Mortgage Fraud.** The Budget provides \$20 million for HUD to combat mortgage fraud and predatory lending practices. These resources will allow HUD to increase enforcement of mortgage and home purchase settlement requirements.

**Provides Funding for Choice Neighborhoods.** By providing \$250 million in 2011, the Budget continues HUD's effort to make a range of transformative investments in high-poverty neighborhoods where public and assisted housing is concentrated. A central element of the Administration's place-based agenda, this initiative will invest in public, private and nonprofit partners that have transformative neighborhood interventions and provide the greatest returns on Federal investment.

**Implements the Homeless Emergency Assistance Rapid Transition to Housing (HEARTH) Act.** The President's Budget provides \$2.1 billion for HUD's Homeless Assistance Programs to effectively implement the HEARTH Act. Enacted in May 2009 to fundamentally transform the Federal response to homelessness, HEARTH streamlined three current homeless programs into one, placed greater emphasis on homelessness prevention, and provided increased funds for renewal costs and permanent housing

beds. The Budget will support the key priorities reflected in HEARTH, including \$200 million for Emergency Solutions Grant, funding for about 10,000 new permanent housing beds, and a competitive rural program. HUD is also working in partnership with the Department of Veteran Affairs to substantially lower the number of homeless veterans.

**Helps Communities Become More Sustainable and Livable.** As part of the President's Partnership for Sustainable Communities, the Budget includes \$150 million to help stimulate comprehensive regional and community planning efforts that integrate transportation and housing investments that result in more regional and local sustainable development patterns, reduce greenhouse gases, and increase more transit accessible housing choices for residents. HUD's Sustainable Communities Initiative also expands and better coordinates Federal efforts to create incentives for State and local governments to plan for and implement pre-disaster mitigation strategies. Coordinating hazard mitigation efforts with related sustainability goals and activities will reduce risks while protecting life, property, and the environment. Combined with the Department of Transportation's funding for strengthening the capacity of States and local governments to make smarter infrastructure investments and the Environmental Protection Agency's technical assistance, this interagency Partnership, which is one of the pillars of the Administration's place-based agenda, aims to lower the cost of living while improving the quality of life in local communities. It will do so by providing more coordinated housing and transportation options, improving environmental quality, and better leveraging Federal investments.

**Enhances FHA's Risk Management and Housing Counseling.** The Budget provides an additional \$18 million for FHA to enhance its monitoring and management of its insurance portfolio's financial risk. In addition, the Budget includes programmatic changes to single-family mortgages insured by FHA. These changes, which include raising the minimum credit score for high-risk borrowers and restructuring of insurance premiums, will reduce risk and replenish FHA's capital reserves while allowing it to meet its mission of providing sound access to home financing for underserved populations. In addition, the Budget proposes \$338 million for housing counseling, including a greater than 7 percent increase for the Neighborhood Reinvestment Corporation (NeighborWorks), which will fund vital foreclosure counseling services in communities across the Nation.

**Expands Funding for High-Priority Research and Program Evaluations.** The Budget provides increased funding for housing research, fully funds the American Housing Survey, and funds three new impact evaluations as part of the Government-wide evaluation initiative—a Family Self-Sufficiency Demonstration, Rent Reform Demonstration, and Choice Neighborhoods Demonstration. This increased investment in research will allow HUD to determine whether programs are achieving their intended outcomes and provide new evidence on how to efficiently and effectively provide rental assistance. The Budget also includes \$25 million to support research and development (R&D) tied to the President's national goals of energy, health and sustainability. Partnering with other agencies, HUD will invest in R&D focused on the linkages between the built environment and health, hazard risk reduction and resilience, and the development of innovative building technologies and building processes.

## Department of Housing and Urban Development

(In millions of dollars)

	Actual 2009	Estimate	
		2010	2011
<b>Spending</b>			
Discretionary Budget Authority:			
Community Development Fund .....	3,900	4,450	4,380
<i>Catalytic Investment Grants (non-add)</i> .....	—	—	150
<i>Sustainable Communities (non-add)</i> .....	—	150	150
HOME Investment Partnerships Program .....	1,825	1,825	1,650
Homeless Assistance Grants .....	1,677	1,865	2,055
Housing Opportunities for Persons with AIDS .....	310	335	340
Tenant-based Rental Assistance .....	16,225	18,184	19,551
Project-based Rental Assistance .....	7,100	8,558	9,376
Public Housing Operating Fund .....	4,455	4,775	4,829
Public Housing Capital Fund .....	2,450	2,500	2,044
Transforming Rental Assistance .....	—	—	350
Choice Neighborhoods/HOPE VI .....	120	200	250
Native American Housing Block Grant .....	645	700	580
Housing for the Elderly .....	765	825	274
Housing for Persons with Disabilities .....	250	300	90
Federal Housing Administration (FHA)			
Existing Law .....	-874	-2,215	-1,628
Legislative proposal .....			-4,099
Government National Mortgage Association (GNMA) .....	-888	-914	-679
Salaries and Expenses .....	1,303	1,346	1,379
Policy Development and Research .....	58	48	87
All other .....	722	799	761
Total, Discretionary budget authority .....	40,043	43,581	41,590
<i>Memorandum:</i>			
<i>Budget authority from American Recovery and Reinvestment Act .....</i>	13,626	—	—
<i>Budget authority from supplementals .....</i>	30	—	—
Total, Discretionary outlays .....	44,240	46,208	46,127
<i>Memorandum: Outlays from American Recovery and Reinvestment Act.....</i>	1,520	3,628	5,545
Mandatory Outlays:			
FHA .....	15,938	12,228	1,016
Community Planning and Development .....	119	1,263	1,128
<i>Housing Trust Fund (non-add)</i> .....	—	—	20
All other .....	-798	-807	-732
Total, Mandatory outlays .....	15,259	12,684	1,412
Total, Outlays .....	59,499	58,892	47,539

**Department of Housing and Urban Development—Continued**

(In millions of dollars)

	Actual 2009	Estimate	
		2010	2011
<b>Credit activity</b>			
Direct Loan Disbursements:			
FHA .....	—	50	50
GNMA .....	10	27	25
Green Retrofit Program for Multifamily Housing .....	—	143	—
Total, Direct loan disbursements .....	10	220	75
Guaranteed Loan Commitments:			
FHA .....	355,723	340,080	265,705
GNMA .....	418,938	380,942	283,042
All other .....	608	1,126	1,220
Total, Guaranteed loan commitments .....	775,269	722,148	549,967